

## SECTION IV

### DEFEATED/REDUCED BUDGET PROCEDURES

#### A. OVERVIEW

In the event of a budget defeat, transmit the data reflecting the reduced budget that was certified for taxes over the DOENET and submit the district EDC transmittal form and other budget materials and the board of education's resolution concerning the reduced budget to the county superintendent within 15 days after the local governing body or Board of School Estimate takes action. In addition, three copies of the local governing body's or Board of School Estimate's resolution shall be submitted.

Districts will submit paper copies of the final budget and supporting documentation printed as part of the data transmission procedures outlined in the EDC manual, the EDC letter of transmittal, and the A4F to the county office within 15 days after the budget was certified for taxes. The budget data submitted should be that budget based on the tax levy certified by the municipality, regardless as to whether an application for restoration of reductions will be made to the Commissioner. The county office will perform its required review of the amended budget and verify that the paper copy submission agrees with the information submitted electronically.

The printed reports submitted should be arranged in the same order as required for regular submission as noted in the introduction of Section I.

Districts will be requested to submit a budget reflecting revisions resulting from the Commissioner's decision on any budget reduction application for restoration or automatic review following the certification of taxes.

Under the Comprehensive Educational Improvement and Financing Act, all base budgets and separate proposals that have been defeated by the voters are submitted to the governing body of each of the municipalities included within the district. N.J.S.A. 18A:7F-5(e) provides for action on the voter defeat or board of school estimate reduction of a proposed budget that differs based on the status of the proposed budget within the T&E range.

**Proposed base budgets in excess of the maximum T&E budget** - Reductions may be made by the municipality(ies) or board of school estimate to the certified tax levy through appropriation reductions and/or through increases in estimated revenues included in the district's local share. Any reductions may be appealed on the grounds that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the Commissioner will consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations. A district may not appeal any reductions on the grounds that the amount is necessary for a thorough and efficient education.

**Proposed base budgets at or below the maximum T&E budget** - Reductions may be made by the municipality(ies) or board of school estimate to the certified tax levy through appropriation reductions and/or through increases in estimated revenues included in the district's local share. Any reductions may be appealed on the grounds that the amount is necessary for a thorough and efficient education or that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the Commissioner will consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations.

**Proposed base budgets below the minimum T&E budget or reduced to below the minimum** - Reductions may be made by the municipality(ies) or board of school estimate to the certified tax levy through appropriation reductions and/or through increases in estimated revenues included in the district's local share. The burden of proof is on the municipal governing body. Such reductions are automatically reviewed by the Commissioner, unless the reductions are uncontested by the board of education and the county superintendent has determined the budget sufficient for a T&E education. During the review, the Commissioner will consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations. In addition, the municipal governing body or board of school estimate will be required to demonstrate clearly to the Commissioner that the proposed budget reductions will not adversely affect the ability of the school district to provide a thorough and efficient education or the stability of the district given the need for long term planning and budgeting.

**Note:** In the event that the proposed base budget contains the minimum tax levy necessary to be raised to meet the district's statutorily required local share, no reductions may be made to budgeted appropriations. To effectuate a reduction in the tax levy, only increases in estimated revenues included in the district's local share may be made.

**Decisions on defeated separate proposals** - are considered final with no appeal to the Commissioner. Proposals not restored by the municipal governing body or board of school estimate may not be executed through modifications to the base budget or through the appropriation of surplus. The stated purpose of the defeated separate proposal may be executed in the budget year through donations or contributions from an external source but the donation cannot bind the district board of education for future funding of the initial project/purpose. For example, the donor may not stipulate that the board of education must match the same amount in funds in the subsequent year. The donation/contribution will not be built into the subsequent year's net budget for purposes of calculating the district's spending growth limitation pursuant to N.J.S.A 18A:7F-5.

All districts with defeated voter budgets or board of school estimate reductions of the proposed budget should reference N.J.A.C. 6A:23-8.10 Restoration of Budget Reductions for the procedures to be followed, including the timetable for submission of materials to the county office, the municipal governing body(ies), and the Commissioner. Information on post-election procedures is also contained in the election calendar.

Districts should access the budget program and print the Report of District Status Within the T&E Range to determine the status of the budget after reduction to determine if the reduction brings the budget to below the minimum and requires automatic review by the Commissioner.

Listed below are the materials that must be submitted to the municipal governing body(ies) and the county superintendent of schools within two days of the certification of the election results in the event of a budget defeat. These materials will be used by the municipal governing body(ies) in the review of the defeated budget. Under N.J.S.A. 18A:22-37, May 19, 2003 is the last day for the governing body after consultation with the board of education to determine and certify to the county board of taxation the amount of money necessary for school purposes to be raised by taxation for the 2003-04 school year. In the event that such certification is not made or there is a failure to agree among constituent members of a regional school district on the amount that should be certified by that date, it is the Commissioner's responsibility to review the defeated budget and determine the amount necessary to provide a thorough and efficient system of public education in the district for the 2003-04 year.

### **DEFEATED BUDGET INFORMATION**

It is the responsibility of the board of education pursuant to N.J.A.C. 6A:23-8.10(a)1 to present to the municipal governing body(ies) and the county superintendent, within two days of the certification of election results, the proposed School District Budget Statement which was defeated by the voters, along with the following information:

- A complete line-item budget listing each item by code and line description, including actual expenditures for the previous school year, actual budgeted amount for the current school year and proposed budgeted amount for the next school year as submitted to the voters;
- Copies of additional spending proposals, if any, indicating which were approved and which were rejected by the voters;
- A copy of the annual report (QAAR) submitted to the Commissioner pursuant to N.J.S.A. 18A:7A-11 and N.J.S.A 6:8-3.1;
- A copy of the district's most recent annual audit;
- Where applicable, the narrative explanation and documentation provided to the public for any spending in excess of the T&E range;
- An explanation of any action(s) to reallocate, direct additional expenditures, and so forth, taken by the Commissioner, or the county superintendent on behalf of the Commissioner, or a statement to the effect that no such actions were taken;
- Numbers of professional and nonprofessional staff, during the current school year and projected for the next school year, with reasons for any increase or decrease;

- Pupil enrollment by grade for the district as of June 30 preceding, October 15 preceding, and as projected for October of the next school year;
- Salary schedules for all employees;
- Number of schools and classrooms in each, together with the pupil capacity of such rooms;
- Tuition received or paid during previous school year and anticipated for current and next school years;
- Advertised budget for the next school year and all supporting documentation;
- A substantiation of need for any proposed capital projects and/or deposits into the capital reserve;
- Any information required for submission to the county superintendent pursuant to N.J.A.C. 6A:23-8.1 not specifically enumerated above;
- Applicable portions of The Comparative Spending Guide and School Report Card; and
- Any other documentary materials or records the County Superintendent may suggest based on specific circumstances in the district.

IN ADDITION, IT IS RECOMMENDED THAT THE FOLLOWING MATERIALS BE INCLUDED:

- Rationale for any new positions
- Rationale for any new programs
- Rationale for any new and replacement equipment
- Rationale for any major line item increases or decreases

For Type I districts, the above materials must be submitted to the board of school estimate along with the other budget materials for use in its determination of the amount that should be certified for taxes.